

Message Text

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44

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 EURE-00 CIAE-00 DODE-00 PM-03

H-02 INR-07 L-02 NSAE-00 NSC-05 PA-01 PRS-01 SP-02

SS-15 USIA-06 ACDA-05 TRSE-00 SAJ-01 /073 W

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P R 141525Z APR 75

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC PRIORITY 8533

INFO AMEMBASSY COPENHAGEN

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

AMEMBASSY REYKJAVIK

AMEMBASSY MOSCOW

USMISSION GENEVA

C O N F I D E N T I A L HELSINKI 817

E.O. 11652: N/A

TAGS: PINT, FI

SUBJECT: CONTINUATION OF FINNISH COALITION GOVERNMENT IN QUESTION

SUMMARY: ROW OVER MINOR MATTER THAT STARTED TNE DAYS AGO BETWEEN CENTER PARTY AND SOCIAL DEOMCRATS, CHIEF PARTNERS IN PRESENT COALITION GOVERNMENT, HAS ESCALATED THROUGH MUTUAL RECRIMINATIONS, TOUGH TALK, AND INTERVENTION OF PRESIDENT KEKKONEN, TO POINT WHERE CONTINUATION OF GOVERNMENT IN SEROUS DOUBT. KEKKONEN HAS IN FACT PUT GOVERNMENT PARTNERS ON NOTICE THAT HE GIVING SERIOUS CONSIDERATION TO DISSOLVING PARLIAMENT, EVEN THOUGH CSCE IN OFFING. NO ONE AT THIS POINT KNOWS WHAT WILL HAPPEN, EXCEPT POSSIBLY KEKKONEN, BUT SITUATION MAY BECOME CLEARER IN NEXT FEW DAYS. RIGHT NOW WE ESTIMATE CHANCES FOR GOV-ERNMENT SURVIVING PRESENT CRISIS AS SLIGHTLY BETTER THAN EVEN. END SUMMARY.

1. SOCIAL DEMOCRAT-LED COALITION GOVT. , WHICH INCLUDES CENTER PARTY AS OTHER MAIN PARTNER AND TWO SMALLER BOURGEOIS PARTIES, ON APRIL 2 WEATHERED ITS
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NINTH NO CONFIDENCE CHALLENGE IN PARLIAMENT, BUT ON

FOLLOWING DAY SAW THE START OF UMPTEENTH INTERNAL GOVT. "CRISIS", CENTER PARTY PARLIAMENTARY GROUP LET IT BE KNOWN THEN THAT IT WOULD NOT, AS PREVIOUSLY AGREED, SUPPORT GOVT'S REGIONAL DEVELOPMENT LAW PACKAGE, AND DEMANDED RENEGOTIATIONS WITHIN GOVT. SOCIAL DEMOCRAT PM SORSA FIRST TOOK STAND THAT MATTER CLOSED AND RENEGOTIATION OUT OF QUESTION. SORSA TOOK UP MATTER WITH PRESIDENT KEKKONEN (WHO ORIGINALLY COMES FROM CENTER PARTY), AND ALSO ANNOUNCED THAT CENTER PARY POSITION THREATENED TO SHATTER GOVT.

2. ALL THIS TOOK PLACE WHILE CENTER PARTY CHAIRMAN AND FINANCE MINISTER VIROLAINEN WAS ATTENDING IPU MEETING IN SRI LANKA. SOME SAW CENTER PARTY CALL FOR RENEGOTIATION AS INSPIRED BY VIROLAINEN'S CENTER PARY PRESIDNETIAL RIVAL, FONMIN KARJALAINEN, TO DISCREDIT VIROLAINEN. THIS MAY HAVE BEEN SIGNIFICANT FACTOR, BUT CENTER PARTY PARLIAMENTARIANS ALMOST UNANIMOUS IN STAND AND ANY CENTER PARTY MP'S DO FEEL STRONGLY ABOUT REGIONAL DEVELOPMENT.

3. SITUATION HAD SEEMINGLY QUIETED DOWN AWAITING VIROLAINEN'S RETURN AND SOCIAL DEMOCRATS HAD SOFTENED THEIR STAND ON RENEGOTIATIONS WHEN KEKKONEN STEPPED INTO FRAY BY SENDING SENIOR FOVT. MINISTERS A LETTER. RUMORS ABOUT LETTER CIRCULATED AROUND TOWN FOR A FEW DAYS. SOCIAL DEMOCRATIC MAIN ORGAN DEMARI ON APRIL 12 PRINTED ENTIRE CONTENTS OF LETTER. SINCE IT NOW KNOWN WHETHER THIS WAS DONE WITH KEKKONEN'S PERMISSION, POLITICAL CIRCLES IN HELSINKI UNSURE OF WHETHER PRINTING LETTER IN EFFECT SOCIAL DEMOCRATIC "DECLARATION OF WAR" OR PROOF THAT KEKKONEN NOT REALLY BLAMING SOCIAL DEMOCRATS FOR PRESENT SITUATION.

4. EKKKONEN IN HIS LETTER COMPLAINED ABOUT FINANCE MINISTER VIROLAINEN TRAVLEING ABROAD WHEN COUNTRY FACED SEROUS ECONOMIC PROBLEMS, RECENT PAY RAISE FOR MINISTERS, AND RECENT TREND OF GOVT. PARTNERS HORSE TRADING SENIOR OFFICIAL APPOINTMENTS. HE CRITICIZED GOVT'S PERFORMANCE IN GENERAL AND WHAT HE TERMED AHSTILY AND CARELESSLY ARRIVED AT COMPROMISE SOLUTIONS. HE WENT ON TO SAY THAT HE HAD BEEN CONFIDENTIAL

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GIVING SERIOUS CONSIDERATION FOR SOME TIME TO DISSOLVING PARLIAMENT, AND SPECIFICALLY STATED THAT IF SUCH DECISION WOULD BE TAKEN WITHIN APRIL, ELECTIONS WOULD BE HELD JULY 20-21 AND NEW PARLIAMENT WOULD ASSEMBLE AUGUST 1. KEKKONEN ALSO EMPHASIZED THAT GOVT. SHOULD NOT THINK THAT ITS TENURE ASSURED BY PENDING CSCE SUMMIT IN HELSINKI BECAUSE, ACCORDING TO KEKKONEN, CSCE COULD BE HELD IRRESPECTIVE OF WHAT GOVT.SITUATION WAS, PROBABLY WOULD

NOT TAKE PLACE UNTIL AUGUST OR SEPTEMBER, AND CERAINLY NOT BEFORE JULY AT EARLIEST. (COMMENT: WE UNDERSTAND FROM GOOD SOURCES THAT KEKKONEN NOW IN FACT DOES NOT EXPECT CSCE TO TAKE PLACE BEFORE SEPTEMBER.)

5. AT THIS POINT NO ONE KNOWS WHAT WILL HAPPEN, WITH POSSIBLE EXCEPTION OF KEKKONEN. THERE IS NO QUESTION BUT THAT KEKKONEN HAS PUT GOVT. ON NOTICE AND THAT HE COULD AT ANY TIME MAKE GOOD ON HIS THREAT TO DISSOLVE PARLIAMENT, THEREBY AUTOMATICALLY BRINGING DOWN GOVT. IT IS NOT EXPECTED THAT HE WOULD DO THIS UNTIL GOVT. PARTNERS, AND CENTER PARTY AND SOCIAL DEMOCRATS IN PARICULAR, HAVE CHANCE TO TRY TO WORK OUT COMPROMISE SOLUTION ON REGIONAL DEVELOPMENT PACKAGE.

6. WHETHER CENTER PARTY AND SOCIAL DEMOCRATS WILL BE ABLE TO FIND SOLUTIN TO PRESENT IMPASSE DEPENDS FIRST OF ALL ON OUTCOME OF INTERNAL POWER STRUGGLE IN CENTER PARTY. PARLIAMENTARY GROUP OF CENTER PARTY WILL MEET ON APRIL 15 OR 16, AND WORKING COMMITTEE OF PARTY'S EXECUTIVE COMMITTEE ON APRIL 16. AFTER THIS IT SHOULD BECOME CLEAR WHETHER VIROLAINEN CAN PREVAIL AND KEEP PARTY IN FOVT. BY PREVENTING IT FROM MAKING IMPOSSIBLE DEMANDS ON ITS COALITION PARTNERS. SOCIAL DEMOCRATS APPEAR TO BE READY TO OPEN REGIONAL DEVELOPMENT QUESTION AGAIN, BUT WILL HAVE DIFFICULTY IN ACCEPTING MORE THAN COSMETIC CHANGES. ONE REASON FOR THEIR CONCILIATORY ATTITUDE IS FACT THAT JULY ELECTION WOULD HURT THEM MORE THAN CENTER PARTY, WITH MOST WORKERS ON VACATION AND SINCE IT WOULD COME THREE WEEKS AFTER THEIR PARTY CONGRES.

7. OUR ANALYSIS OF SITUATION AT THIS POINT LEADS US
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TO BELIEVE THAT CHANCES FOR CURRENT GOVT. CONTINUING FOR TIME BEING ARE SLIGHTLY BETTER THAN EVEN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COALITION GOVERNMENT, POLITICAL STABILITY, VOTE OF CONFIDENCE
Control Number: n/a
Copy: SINGLE
Draft Date: 14 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975HELSIN00817
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D750129-0723
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750453/aaaabxib.tel
Line Count: 157
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 MAY 2003 by ShawDG>; APPROVED <12 MAY 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONTINUATION OF FINNISH COALITION GOVERNMENT IN QUESTION SUMMARY: ROW OVER MINOR MATTER THAT STARTED
TNE DAYS AGO BETWEEN
TAGS: PINT, FI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006